MTUBATUBA

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BUDGET OF

Mtubatuba Local Municipality

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the main Municipal office situated at lot 105 Inkosi Mtubatutuba Road**
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Abbreviations and Acronyms

BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRa	Division of Revenue Act
EE	Employment Equity
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
IDP	Integrated Development Strategy
IT	Information Technology
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisation
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises
percent	Percentage

1.1. Mayors report

The Mayors report will be attached as annexures.

1.2 Resolutions

The Council of Mtubatuba Local Municipality met in the Council Chamber on the 30 May 2018 to consider the budget for the 2018/2019 financial year. The Council approved and adopted the following resolutions:

1. The Council of Mtubatuba local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
   1.1. The final budget of the municipality for the financial year 2018/2019 and single year capital appropriations as set out in the following tables:
      1.1.1. Budgeted financial performance (revenue and expenditure by standard classifications)
      1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote)
      1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type)
      1.1.4. Single year capital appropriations by municipal vote and standard classifications and associated funding by source;
   1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position
1.2.2. Budgeted Cash Flows
1.2.3. Cash backed reserves and accumulated surplus reconciliation
1.2.4. Asset management
1.2.5. Basic service delivery measurement

2. The Council of Mtubatuba Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018:

2.1. The tariffs for property rates,
2.2. The tariffs for solid waste services.

3. The Council of Mtubatuba Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2018 the tariffs for other services.
4. That the salaries, wages and allowances of employees be increased in accordance with the multi-year SALGBC wage agreement with effect from 1 July 2018.
5. All budget related policies

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipal financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Business and Service Delivery priorities were reviewed as part of this year planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial management. A critical review was also undertaken of expenditures on noncore and nice to have items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers namely the procurement of debt collection system, the purification of debtor's book, involving the attorneys for those that have means to pay but not paying. Furthermore, the municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

The following budget principles and guidelines directly informed the compilation of the 2018/19 Medium Term Revenue and Expenditure Framework (MTREF):
The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 final budget.

Various National Treasury's MFMA Circulars were used to guide the compilation of the 2018/19 MTREF, with special emphasis on Circulars 89 and 91.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The ongoing difficulties in the national and global economy, including the increase by 1 percentage in Value Added Taxes.
- The unrest in the labour unions that has contributed to the introduction of the draft wage curve, which sees the hike in the salaries budget.
- The need to reprioritise projects and expenditure within the existing resource envelope to given the cash flow realities and declining cash position of the municipality.
- The high unemployment rate within the municipality has contributed to the increase in the debtor's book and put immense pressure on the cash flow of the municipality.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF.

- Tariff increases should be affordable and should generally not exceed inflation as measured by CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of refuse removal (price of petrol and other inputs). In addition, tariffs need to

remain or move towards being cost reflective and should take into account the need to address infrastructure and ageing of revenue generating assets.

- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual division of revenue act, e.g. Library grant.
- An in-depth analysis was done for the following items and allocations to these items had to be supported by motivations setting out the intention and cost of expenditure which was used to prioritize expenditures:
  - New positions, except those that are of critical importance;
  - Overtime limited to 2% of remuneration only for employees qualifying for such;
  - Furniture and office equipment;
  - Catering;
  - Conferences
  - Ad-hoc travelling and
  - Delegations

1.1 Overview of the 2018/19 Medium-term Revenue and Expenditure Framework

The following table is a consolidated overview of the 2018/19 Medium Term Revenue and Expenditure Framework

Table 1 Overview of the 2018/19 MTREF

2018/19 Multi Year Budget Summary - Final			
	2018/19	2019/20	2020/21
Revenue			
Grants & Subsidies	10,498,200	7,178,955	8,446,628
Equitable Share	143,500,000	160,490,000	176,175,000
Municipal Own Revenue	65,660,467	70,414,639	74,722,964
Capital Grants	29,607,700	30,162,500	31,695,800
Total Revenue	**249,266,367**	**268,246,094**	**291,040,392**
Expenditure			
Operational Expenditure	209,301,348	209,870,444	220,302,300
Capital Expenditure	34,942,700	42,722,500	36,746,125
Repairs and maintenance	4,235,000	15,300,000	16,552,000
Total Expenditure	**248,479,048**	**267,892,944**	**273,600,425**
Surplus/(Deficit)	787,319	353,150	17,439,967

It can be noted from the above table that the total revenue budget for Municipality for 2018/19 financial year is R249,2 million, whereas the total expenditure is expected to be R248,4 million.
Total revenue is expected to increase by 8 percent each outer year until 2020/21 financial year.

Total capital budget for the 2018/19 financial year is R34,9 million, increasing to R42,7 million and decreasing to R36,7 million in respective outer years of the MTREF.

The detailed grant allocation from National Treasury, per the division of Revenue Bill, 2018 was made available during February 2018 on National Treasury's website. Furthermore, provincial allocations have also been gazetted. An amount of R3,0 million and R394 800 for library support grants, has been included in the 2018/19 budget. An amount of R750 000 and for wall to wall town planning scheme has been included in 2018/19 final budget, this grant funding is from the department of Cooperative governance and traditional affairs in KZN. An amount of R650 000 for scheme support program and R58 000 for DRS caretakers has also been included in the final budget.

The following table depicts the grant allocations as contained in the 2018 Division of Revenue Bill (DORB) in comparison to the projections of the 2017 Division of Revenue Act grant allocation.

Table 2 Overview of the 2018/19 grants allocatio for the MTREF

TOTAL ALLOCATIONS PER DORB 2018	DORA 2017	DORB 2018			DORB MEDIUM TERM FORECAST	
Name of Grant	2018/19 Forecast	Gazetted 2018/19	Varience	% Change	Budget 19/20	Budget 20/21
Equitable Share	142 546 000	143 500 000	954 000	1%	160 490 000	176 175 000
Municipal Finance Management Grant	2 155 000	1 970 000	- 185 000	-9%	1 970 000	1 970 000
EPWP Grant	-	2 070 000			-	-
Municipal Infrastructure Grant	33 943 000	31 166 000	- 2 777 000	-8%	31 750 000	33 364 000
National Electrification Grant	13 000 000	12 600 000	- 400 000	-3%	8 500 000	9 000 000
Total Gazetted Grants	**191 644 000**	**191 306 000**	**- 338 000**	**0%**	**202 710 000**	**220 509 000**

The equitable share allocation has seen an increase of R934 000 (1%) when compared to the 2017/18 projections as Gazette in the 2017 Division of revenue Act.

The Municipal Finance management grant (FMG) has seen a decrease of R185 000 (9%) when compared to the 2017/18 projections as gazetted in the 2017 Division of Revenue Act.

The Expanded Public Works Grant was projected to be nil in the 2017/18 projections.

The Municipal Infrastructure Grant has been allocated R31,1 million, a decrease of R2,7 million (8%) when compared with the 2017 projects, it is expected that this grant will increase to R31,7 in the 2019/20 financial year and thereafter to R33,3 million in 2020/21.

The national electrification grant has seen a decrease of R400 000 (3%) when compared to the 2017/18 projections as gazetted in the 2017 Division of Revenue Act. It is important to note that this grant is deliberately excluded from the budget as per Audit General analysis of the grant.

1.3.1 Operating Revenue Framework

For Mtubatuba Municipality to continue improving the quality of service provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty, coupled with the global economic crisis. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

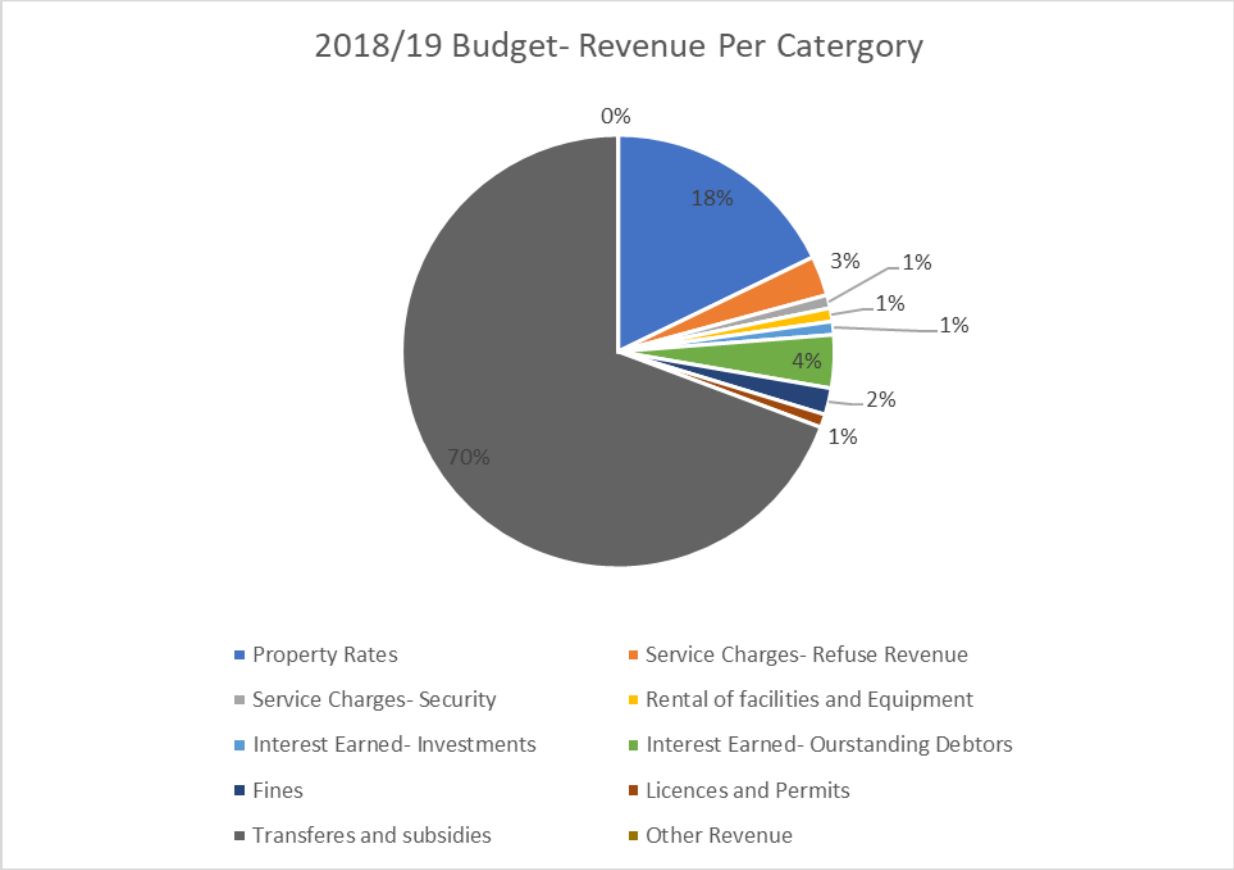
The Municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Growth in the municipality and expected economic development

- Efficient revenue management, which aims to ensure the projected 75 per cent annual collection rate for property rates, refuse and security charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services
- Determining the tariff escalation rate by establishing/ calculation the revenue requirement of each service, while taking into account the affordability levels of the consumers;
- Increase ability to extend new services and recover costs
- The municipality's indigent policy and incentive policies and rendering of free basic services; and
- Tariff policies of the municipality

The following table is a summary of the 2018/19 (classified by main revenue source)

Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditrue Framework					
R Thousand	Adjusted Budget	%	Budget year 2018/19	%	Budget year 2019/20	%	Budget year 2020/21	%
Property Rates	38 099	19%	40 081	18%	42 285	18%	44 822	17%
Service Charges- Refuse Revenue	5 220	3%	5 492	3%	5 794	2%	6 142	2%
Service Charges- Security	2 556	1%	2 042	1%	2 154	1%	2 283	1%
Rental of facilities and Equipment	198	0%	1 198	1%	1 258	1%	1 321	1%
Interest Earned- Investments	1 428	1%	2 400	1%	2 600	1%	2 800	1%
Interest Earned- Ourstanding Debtors	7 907	4%	8 686	4%	9 163	4%	9 713	4%
Fines	2 709	1%	3 710	2%	3 933	2%	4 208	2%
Licences and Permits	2 404	1%	1 632	1%	2 777	1%	2 943	1%
Transferes and subsidies	140 480	70%	153 998	70%	167 669	70%	184 622	71%
Other Revenue	281	0%	421	0%	451	0%	489	0%
Total Revenue (Excluding Captail Transfeers and Contributions)	**201 282**	**100%**	**219 660**	**100%**	**238 084**	**100%**	**259 343**	**100%**



The above graph depicts that the municipality's reliance on grants and subsidies making up 70% of the revenue source. Property rates is the second at 18%, interest on outstanding debtors and service charges: refuse contribute 3%.

In line with the formats prescribed by the Municipal budget and Reporting Regulations, Gazette 32141, issued 17 April 2009, capital transfers and contributions are excluded from the operating statement, as inclusion of theses revenue sources would distort the calculation of the operating surplus/ deficit.

Revenue generated from service charges forms a minimal percentage of the internally generated funds of the Municipality, that being the interest on investments and service charges. The interest on external investments has been increased by 68% when compared with the 2017/18 adjusted budget, this is due to the higher repo rate as currently approved by the reserve bank and the municipality is anticipating to increase the current trend of keeping the unused funds in the call accounts (money market accounts).

Property rates and solid waste removal has been increased with 5.2 percent which is in line with the macroeconomic performance and projections 2018-2020.

Service charges on Security services has been decreased by 20% due to the recalculated number of beneficiaries of the service in St Lucia. Rental of facilities has increase with R1 million (505%) due to new leased agreement signed with the municipal land occupants. This is the new revenue to the municipality. The completion of Inkosi Mzondeni Civic Centre will also contribute to the increase in revenue.

Interest on outstanding debtors has increase by 10 percentage taking into consideration the increase in debtors during 2017/18 financial year, while in 2018/19 the municipality is not expecting a huge increase in the debtor's value, this is taking into consideration the introduction of new debt collection strategies. Traffic fines are expected to increase by 37 percent when compared with 2017/18 adjusted budget. This increase is due to the introduction of the speed camera operation.

Licences and permits are expected to decrease by 32 percent when compared with 2017/18 adjusted budget. The decrease is due to the closure of the licence testing station for the first six month of the financial year. This closure is as a result of the building of the new offices and the entire testing ground. Only licences and permits will be in operation in the first six month of the financial year, thanks to the department of transport who lent the bus operation to the municipality.

Operating grants and transfers totals R153,9 million in the 2018/19, R167,6 million in the 2019/20 financial year and further increasing to R184,6 in 2020/21. Note that year-on-year growth for the 2018/19 financial year is 9% and increasing by 10% in 2019/20 and increasing by 10% in 2020/21.

The municipality has approved debt collection and revenue enhancement strategies during 2017/18 financial year. This will lead to an increase in the other revenue by 50% in 2018/19.

Tariff-setting is very important and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality. The proposed tariffs were discussed at length in the Budget Steering Committee meeting and a consensus was reached to increase the tariffs in such a way that it will have a minimal impact on the citizens of the municipality, mostly the vulnerable being the poor.

National Treasury, in its MFMA circulars 89 and 91 issued in December 2017 and February 2018 respectively, continues to encourage municipalities to keep increases in tariffs and other charges as low as possible. Municipalities must justify in the budget documentation all increases in excess of 6,2 percent upper boundary of the South African Reserve bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment which will in turn result in a huge debtors' book.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The blanket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration etc. The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions, over and above being across subsidised by the equitable share.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.
National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance.

The following stipulations in the Property Rates Policy are highlighted:

- The first R60 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA and the Mtubatuba Municipal Property Rate Policy as approved by the council.
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
- The Phasing out of the Public Service Infrastructure (PSI) for five years.

The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The schedule of tariffs is attached as an Annexure.

1.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The operations and maintenance costs of the municipality infrastructure.
- Balanced budget constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and

The following table is a high-level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expnditure by standard classification item

Description	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditrue Framework					
R Thousand	Adjusted Budget	%	Budget year 2018/19	%	Budget year 2019/20	%	Budget year 2020/21	%
Expenditure by Type								
Employee related costs	68,550	34%	84,747	40%	90,255	40%	96,573	41%
Remunations of councillors	14,350	7%	15,211	7%	16,123	7%	17,091	7%
Debt imparement	11,224	6%	12,000	6%	13,000	6%	10,000	4%
Depreciation & Asset Impairm	27,400	14%	25,000	12%	26,500	12%	28,355	12%
Finance charges	1,421	1%	1,500	1%	1,590	1%	1,701	1%
Other materials	10,600	5%	4,235	2%	15,300	7%	16,552	7%
Contracted Services	24,168	12%	41,645	20%	20,837	9%	22,248	9%
Transfers and grants	850	0%	961	0%	1,163	1%	1,241	1%
Other expenditure	41,369	21%	28,237	13%	40,401	18%	43,092	18%
Loss on disposal of PPE	-							
Total Expenditure	**199,932**	**100%**	**213,536**	**100%**	**225,169**	**100%**	**236,853**	**100%**

The budgeted allocation for employee related costs for 2018/19 financial year total R84 million. The total employee related cost budget, excluding councillor's remuneration equals 40 percent of the total operating expenditure. The increase in salaries is based on the draft wage curve agreement entered into between SALGA, the employer body and the organized labour. According to the final agreement, Mtubatuba Municipality will move from category 1 municipality to category 3 Municipality, effective 1 July 2018. The budget for councillor's allowances has been increase by 6 percent. As part of the municipality's cost reprioritization, new and vacant positions were thoroughly analysed and only critical vacancies within the municipality were accommodated. In addition, expenditure against overtime has been significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions and limited to only 2% of the remuneration. Overtime for employees exceeding a remuneration threshold as determined by the Minister of Labour from time to time, has not been budgeted for. Furthermore, medical aid budget was not provided for employees who are currently not on medical aid, this will be revised during the adjustment budget. Should any employees join during the first six months, a provision will then be made in February 2019. This will assist to free up funds which end up being tied up in the medical aid budget and not being used most of the time.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. The total budget for councillors' allowance for the 2018/19 financial year is R15,2 million. An estimated increase of 6 per cent has been applied for the councillors' remuneration.

The provision for debt impairment was determined based on an annual average collection rate of 65 percent, the Credit and Debt collection policy of the municipality. For the 2018/19 financial year this amount equals R12 million and slightly increase to R13,0 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informs the total cost associated with rendering the service of the municipality, the municipality's realistically anticipated revenues and depreciation also has to be cash backed.

Provision for depreciation and asset impairment has been informed by the Municipality's Property, Plant and Equipment Policy. Depreciation is considered to be a rate at which the asset is being consumed. Budget provisions in the regard total to R25 million for the 2018/19 financial year and equites to 12 percent of the total operating expenditure. To be noted that the depreciation has decrease when compared to the adjusted budget. The reason for the decrease is due to the demolishing of the testing station and new building is under construction.

Finance charges consist primarily of the interest portion of the cost of provision for landfill site rehabilitation.

Contracted services consist inter alia, security services, security to councillors, refuse and cleaning services. Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Noted is a huge increase in this expenditure line item, this is as a result of classification of accounts under mSCOA. This increase is as a result of operational project like catering, consultants, special program etc which were previously classified as other expenditure. This is because mSCOA require municipality to classify it activities using item segment other than the project segment.

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2018/19 budget and MTREF provided for extensive growth in the area of asset maintenance.

During the compilation of the 2018/19 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. Repairs and maintenance has been reduced by 60 percent budgeted at R4,2 million for the 2018/19 financial year. In relation to the total

operating expenditure, repairs and maintenance contributes 2 percent of the total operating expenditure for the 2018/19 financial year. The major portion of repairs and maintenance is included under contracted services where the municipality will use a contractor or service provider to do the repairs. It a same treatment that resulted in a huge increase in contracted services thus a reduction in other materials and other expenditure. The municipality is well aware of the National Treasury norm of 8 percent of the total expenditure which must be attributable to repairs and maintenance, but the municipality could not afford the said percentage due to high cost of salaries that, if the wage curve is approved as is, the municipality will be obliged to implement.

The table below indicate the graphical presentation of the budget expenditure for the 2018/19 financial year.

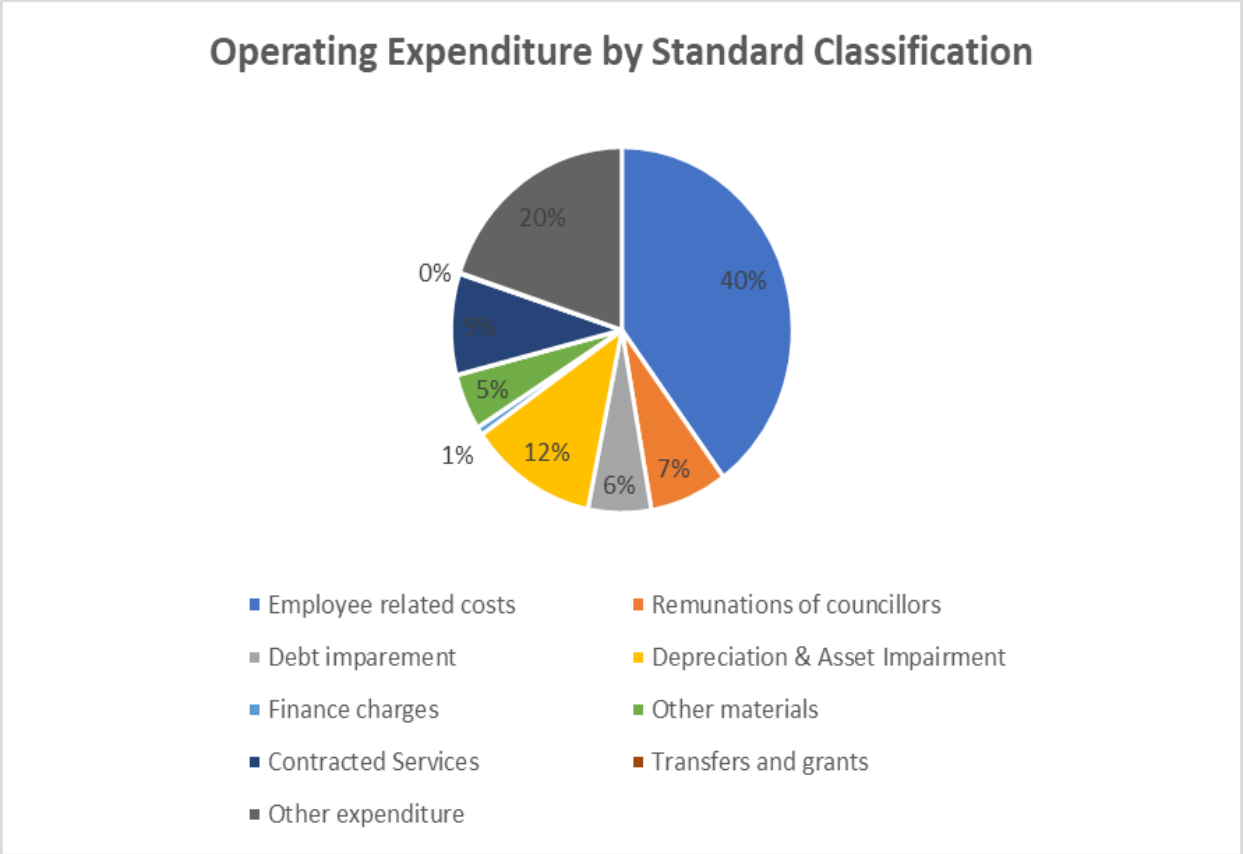


Table 5: Detailed listing of operational projects for Medium Term- Community Based Operational Projects

PROJECT NAME	PROJECT DESCRIPTION	FUNDING SOURCE	DEPARTMENT	BUDGET 2018/19
Art & Culture	Umkhosi Womhlanga, Ingoma, and other cultural related programmes	Own	Executive	500 000
Local Economic Development (LED)	Programmes relating to Community assistance to **develop** themselves to alleviate poverty	Own	Planning & Economic Development	200 000
Poverty Alleviation	Community assistance on poverty related matters	Own	Executive	100 000
Community Feedback Programmes	Communication to public regarding municipal programmes	Own	Executive	500 000
Investment Attraction	Mayors and Municipal Manager programmes to attract investors	Own	Executive	100 000
HIV and AIDS	Word Aids Day	Own	Executive	200 000
Senior Citizens	Senior Citizens Christmas, and other related matters	Own	Executive	170 000
Women's	Widows assistance	Own	Executive	100 000
Children's	Children with no parents - orphans	Own	Executive	100 000
Disaster	Disaster Assistance	Own	Executive & Community	200 000
Youth	Community Bursaries	Own	Executive	200 000
Youth	Youth development programmes	Own	Executive	300 000
Physically Challenged	People living with disabilities	Own	Executive	100 000
Ministries	Ministries Assistance Programmes	Own	Executive	50 000
Sports	Sport programmes	Own	Community Services	200 000
IDP Programmes	Ward Participation & Consultants	Own	Executive	400 000
Pauper Burial		Own	Executive	50 000
Public Participation		Own	Executive	200 000
Operation Sukuma Same		Own	Executive	450 000
Tourism Support		Own	Local Economic Development	150 000
Maintenance	Halls Maintenance	Own	Community Services	800 000
Maintenance	Storm Water	Own	Technical and Infrastructure	1 500 000
Maintenance	Roads (Gravel and tar)	Own	Technical and Infrastructure	5 000 000
Maintenance	Streets lights	Own	Technical and Infrastructure	1 000 000

1.3.3 Capital Expenditure

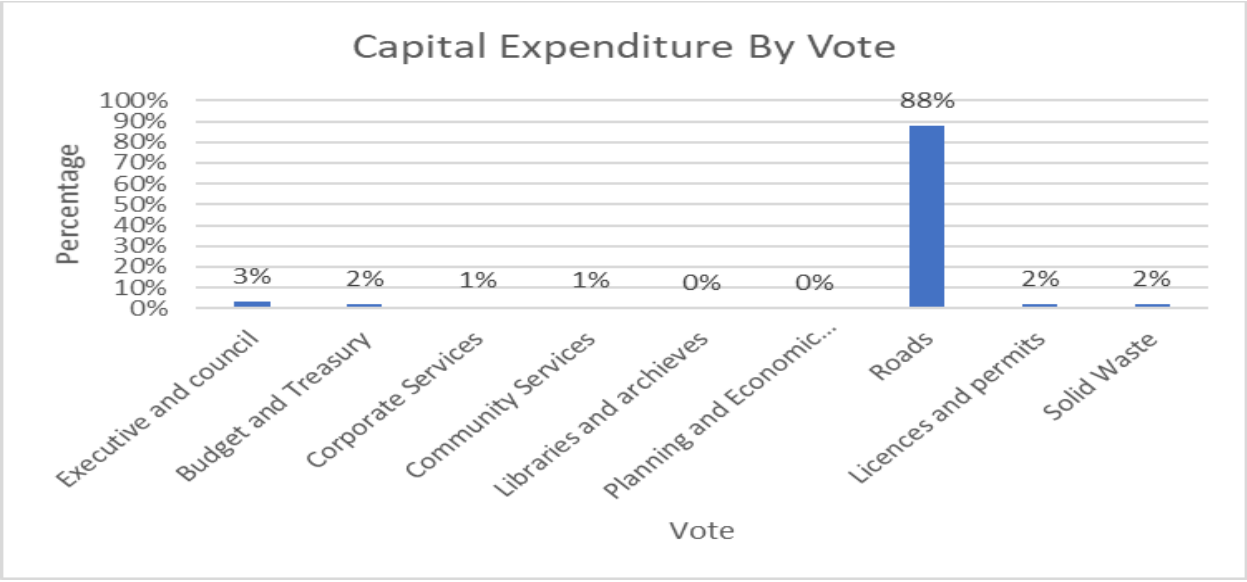
The following table and figure provides a breakdown of budgeted capital expenditure by vote

Description	2018/19 Medium Term Revenue & Expenditrue Framework					
R Thousand	Budget year 2018/19	%	Budget year 2019/20	%	Budget year 2020/21	%
Executive and council	950 000	3%	472 500	1%	496 125	1%
Budget and Treasury	650 000	2%	300 000	1%	200 000	1%
Corporate Services	500 000	1%	600 000	1%	700 000	2%
Community Services	400 000	1%	500 000	1%	500 000	1%
Libraries and archieves	-		350 000		350 000	
Planning and Economic Development	-		-		-	
Roads	30 842 921	88%	37 500 000	88%	31 500 000	86%
Licences and permits	800 000	2%	1 500 000	4%	1 500 000	4%
Solid Waste	800 000	2%	1 500 000	4%	1 500 000	4%
Total Capital Expenditure	**34 942 921**	**100%**	**42 722 500**	**99%**	**36 746 125**	**100%**

For 2018/19 financial year, an amount of R34,9 million has been appropriated for the following programmes:

Roads	R10,783
Street Lighting	R 500
Halls	R 5,438
Traffic Stations	R13 385
Workshop	R 735
Bins	R 800
Other internal working equipment	R 2 400
Municipal Vehicles	R 900

The above project listing will be unpacked in the table below.



Detailed Listing of the Capital Projects for the Medium Term

Project name	**Funding Source**	**Department**	**Budget 2018/19**
Municipal Vehicles	Own	Executive and Council	500 000
Municipal Vehicles	Own	Community Services	400 000
Msizi Gravel Road- Ward18	MIG	Technical Services	2 925 867
Vilavoco to Khowane – Ward 7	MIG	Technical Services	5 330 842
Mambuka Access Road- Ward 8	MIG	Technical Services	2 526 765
Bhekamandla hall – Ward 11	MIG	Technical Services	4 807 112
Makhambane Completion	MIG	Technical Services	125 000
Mpandleni Completion -	MIG	Technical Services	106 410
Completion of Traffic Centre	MIG	Technical Services	13 385 925
Retention Inkosi Mzondeli	MIG	Technical Services	400 000
Municipal Workshop	Own	Technical Services	735 000
Street Lights		Technical Services	500 000
Wheel Bins	Own	Community Services	800 000
Furniture, Equipments & Computers	Own	All Departments	2 400 000

1.4 Annual Budget Tables

1.4.1 KZN275 Mtubatuba - Table A1 Budget Summary

KZN275 Mtubatuba - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	**21,378**	28,739	31,196	38,099	38,099	38,099	38,099	40,081	42,285	44,822
Service charges	4,857	5,087	5,953	7,776	7,776	7,776	7,776	7,534	7,948	8,425
Investment revenue	761	1,678	2,014	3,000	1,428	1,428	1,428	2,400	2,600	2,800
Transfers recognised - operational	91,532	126,119	131,986	140,480	140,480	140,480	140,480	153,998	167,669	184,622
Other own revenue	11,713	11,112	13,314	13,544	13,501	13,501	13,501	15,646	17,582	18,676
Total Revenue (excluding capital transfers and contributions)	130,241	172,735	184,464	202,899	201,284	201,284	201,284	219,659	238,084	259,345
Employee costs	41,571	40,510	55,096	67,875	68,550	68,550	68,550	84,747	90,255	96,573
Remuneration of councillors	7,209	11,801	12,442	12,923	14,350	14,350	14,350	15,211	16,123	17,091
Depreciation & asset impairment	16,812	21,480	27,240	21,600	27,400	27,400	27,400	25,000	26,500	28,355
Finance charges	1,151	6,655	2,111	1,421	1,421	1,421	1,421	1,500	1,590	1,701
Materials and bulk purchases	6,526	18,834	4,525	14,510	10,600	10,600	10,600	4,235	15,300	16,552
Transfers and grants	–	80	–	850	850	850	850	961	1,163	1,241
Other expenditure	39,355	69,947	101,711	73,225	76,762	76,762	76,762	81,883	74,238	75,341
Total Expenditure	112,625	169,308	203,125	192,405	199,933	199,933	199,933	213,536	225,170	236,854
Surplus/(Deficit)	17,616	3,427	(18,661)	10,495	1,352	1,352	1,352	6,122	12,913	22,490
Transfers and subsidies - capital (monetary alloc	35,173	29,525	27,791	47,832	57,915	57,915	57,915	29,608	30,163	31,696
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	52,789	32,952	9,129	58,327	59,267	59,267	59,267	35,730	43,076	54,186
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	52,789	32,952	9,129	58,327	59,267	59,267	59,267	35,730	43,076	54,186
Capital expenditure & funds sources										
Capital expenditure	**31,915**	48,956	53,036	55,870	58,545	58,545	58,545	34,943	42,723	36,746
Transfers recognised - capital	**29,525**	31,348	45,469	47,832	57,915	57,915	57,915	29,608	30,163	31,696
Public contributions & donations	**–**	–	–	–	–	–	–	–	–	–
Borrowing	**–**	–	–	–	–	–	–	–	–	–
Internally generated funds	**2,390**	17,608	7,567	8,038	630	630	630	5,335	12,560	5,050
Total sources of capital funds	**31,915**	48,956	53,036	55,870	58,545	58,545	58,545	34,943	42,723	36,746
Financial position										
Total current assets	**35,212**	49,897	40,977	66,674	53,731	53,731	46,286	72,278	103,138	157,915
Total non current assets	**332,532**	364,411	391,347	392,481	433,046	433,046	433,046	480,066	504,788	522,180
Total current liabilities	**22,974**	25,162	33,281	7,545	7,525	7,525	7,525	6,662	6,448	6,448
Total non current liabilities	**8,241**	25,432	25,845	25,914	25,914	25,914	25,914	32,639	33,181	33,803
Community wealth/Equity	**336,529**	363,714	373,199	425,696	453,338	453,338	445,893	513,044	568,297	639,844
Cash flows										
Net cash from (used) operating	**46,258**	54,630	45,303	73,281	37,742	66,049	66,049	68,957	72,720	83,689
Net cash from (used) investing	**(31,954)**	(48,956)	(54,217)	(52,995)	(34,943)	(57,915)	(57,915)	(46,429)	(51,223)	(45,746)
Net cash from (used) financing	**(1,354)**	(3,357)	329	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	**13,845**	16,161	7,575	28,682	10,374	15,710	15,710	30,822	52,320	90,263
Cash backing/surplus reconciliation										
Cash and investments available	**11,875**	16,161	7,575	28,682	15,740	15,740	8,294	30,822	52,320	90,263
Application of cash and investments	**6,539**	10,311	(10,900)	(16,093)	(14,629)	(14,629)	(14,629)	(14,397)	(19,061)	(28,163)
Balance - surplus (shortfall)	**5,336**	5,850	18,476	44,775	30,369	30,369	22,923	45,219	71,381	118,425
Asset management										
Asset register summary (WDV)	**331,511**	363,386	392,317	392,481	433,046	433,046		480,066	504,788	522,180
Depreciation	**16,812**	21,480	27,240	21,600	27,400	27,400		25,000	26,500	28,355
Renewal of Existing Assets	**–**	32,729	14,050	18,054	24,229	24,229		26,204	33,500	27,500
Repairs and Maintenance	**6,526**	18,834	4,525	14,510	10,600	10,600		4,235	15,300	16,552
Free services										
Cost of Free Basic Services provided	**–**	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	**2,700**	2,835	4,195	4,195	4,195	4,195	4,574	4,574	4,803	5,045
Households below minimum service level										
Water:	–	–	–	–	–	–	29	29	29	29
Sanitation/sewerage:	–	–	–	–	–	–	17	17	17	17
Energy:	–	–	–	–	–	–	80	80	80	80
Refuse:	–	–	–	–	–	–	–	–	–	–

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipal budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. This table provides an overview of the amounts approved by council for operating performance, resources deployed to Capital Expenditure, Financial Position, Cash and Funding Compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
b. Capital expenditure is balanced by capital funding sources, of which

i. Transfers recognised is reflected on the Financial Performance Budget;
ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years not committed for any other purposes. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. Even though the Municipality is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services delivery to the poor. The section of free basic services shows that the amount spent on Free Basic Services continue to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

1.4.2 KZN275 Mtubatuba - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN275 Mtubatuba - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
Governance and administration		**126,597**	**77,973**	**112,498**	**122,102**	**120,587**	**120,587**	**113,377**	**122,279**	**131,593**
Executive and council		–	12,943	30,583	33,000	33,000	33,000	30,000	29,000	34,000
Finance and administration		126,597	65,030	81,915	89,102	87,587	87,587	83,377	93,279	97,593
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**10,968**	**49,688**	**25,627**	**30,247**	**30,247**	**30,247**	**44,181**	**52,798**	**65,575**
Community and social services		7,187	32,917	16,059	19,140	19,140	19,140	23,848	26,098	38,434
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		3,780	16,771	9,569	11,106	11,106	11,106	20,333	26,700	27,141
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**29,525**	**60,044**	**57,563**	**82,063**	**92,146**	**92,146**	**71,216**	**71,375**	**70,731**
Planning and development		–	12,943	6,849	9,060	9,060	9,060	19,550	16,135	16,192
Road transport		29,525	47,101	50,714	73,003	83,086	83,086	51,666	55,240	54,539
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**3,275**	**16,379**	**16,566**	**16,220**	**16,220**	**16,220**	**20,492**	**21,794**	**23,142**
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		3,275	16,379	16,566	16,220	16,220	16,220	20,492	21,794	23,142
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**170,365**	**204,083**	**212,254**	**250,632**	**259,200**	**259,200**	**249,266**	**268,246**	**291,040**
Expenditure - Functional										
Governance and administration		**67,636**	**101,759**	**116,493**	**105,192**	**122,369**	**122,369**	**121,917**	**129,633**	**134,503**
Executive and council		16,941	27,083	36,865	39,855	47,275	47,275	44,555	47,132	50,101
Finance and administration		50,695	74,677	79,628	65,338	75,093	75,093	77,362	82,501	84,403
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**25,983**	**31,187**	**46,690**	**39,427**	**38,327**	**38,327**	**44,087**	**48,034**	**52,342**
Community and social services		17,148	21,280	33,442	25,835	24,415	24,415	25,899	28,774	31,734
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		8,835	9,907	13,247	13,592	13,912	13,912	18,188	19,260	20,608
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**27,647**	**26,478**	**18,622**	**31,253**	**23,506**	**23,506**	**29,262**	**27,417**	**28,631**
Planning and development		2,353	7,882	4,237	10,876	8,646	8,646	14,222	9,924	10,614
Road transport		25,294	18,596	14,385	20,377	14,861	14,861	15,039	17,492	18,017
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**10,171**	**18,072**	**21,320**	**16,532**	**15,730**	**15,730**	**18,271**	**20,086**	**21,378**
Energy sources		–	–	–	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		10,171	18,072	21,320	16,532	15,730	15,730	18,271	20,086	21,378
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**131,436**	**177,497**	**203,125**	**192,405**	**199,933**	**199,933**	**213,536**	**225,170**	**236,854**
Surplus/(Deficit) for the year		**38,928**	**26,587**	**9,129**	**58,227**	**59,267**	**59,267**	**35,730**	**43,076**	**54,186**

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile „whole of government" reports.

2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the operational services (e.g. property rates) should exceed their expenditures, but not the essential services such as waste management function, public safety etc.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

1.4.3 KZN275 Mtubatuba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN275 Mtubatuba - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Executive and council		–	12,943	30,583	33,000	33,000	33,000	30,000	29,000	34,000
Vote 2 - Budget and Treasury		126,597	52,087	71,915	76,102	74,587	74,587	68,377	76,279	79,593
Vote 3 - Corporate Services		–	12,943	10,000	13,000	13,000	13,000	15,000	17,000	18,000
Vote 4 - Community Services		3,229	19,809	12,244	14,854	14,854	14,854	18,398	20,467	31,615
Vote 5 - Libraries and archieves		3,958	13,107	3,815	4,286	4,286	4,286	5,450	5,630	6,818
Vote 6 - Planning and Economic Development		–	12,943	6,849	9,060	9,060	9,060	19,550	16,135	16,192
Vote 7 - Roads		29,525	47,101	50,714	73,003	83,086	83,086	51,666	55,240	54,539
Vote 8 - Licences and permits		3,780	16,771	9,569	11,106	11,106	11,106	20,333	26,700	27,141
Vote 9 - Solid Waste		3,275	16,379	16,566	16,220	16,220	16,220	20,492	21,794	23,142
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**170,365**	**204,083**	**212,254**	**250,632**	**259,200**	**259,200**	**249,266**	**268,246**	**291,040**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive and council		16,941	27,083	36,865	39,855	47,275	47,275	44,555	47,132	50,101
Vote 2 - Budget and Treasury		39,927	62,750	64,217	52,026	59,896	59,896	61,000	64,953	65,596
Vote 3 - Corporate Services		10,768	11,927	15,411	13,312	15,198	15,198	16,362	17,548	18,807
Vote 4 - Community Services		15,024	14,171	29,552	20,786	19,546	19,546	20,436	22,865	25,325
Vote 5 - Libraries and archieves		2,124	7,109	3,890	5,050	4,870	4,870	5,463	5,910	6,409
Vote 6 - Planning and Economic Development		2,353	7,882	4,237	10,876	8,646	8,646	14,222	9,924	10,614
Vote 7 - Roads		25,294	18,596	14,385	20,377	14,861	14,861	15,039	17,492	18,017
Vote 8 - Licences and permits		8,835	9,907	13,247	13,592	13,912	13,912	18,188	19,260	20,608
Vote 9 - Solid Waste		10,171	18,072	21,320	16,532	15,730	15,730	18,271	20,086	21,378
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**131,436**	**177,497**	**203,125**	**192,405**	**199,933**	**199,933**	**213,536**	**225,170**	**236,854**
Surplus/(Deficit) for the year	2	**38,928**	**26,587**	**9,129**	**58,227**	**59,267**	**59,267**	**35,730**	**43,076**	**54,186**

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

1.4.4 KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

KZN275 Mtubatuba - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	21,378	28,739	31,196	38,099	38,099	38,099	38,099	40,081	42,285	44,822
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	3,275	3,436	4,012	5,220	5,220	5,220	5,220	5,492	5,794	6,142
Service charges - other		1,582	1,650	1,941	2,556	2,556	2,556	2,556	2,042	2,154	2,283
Rental of facilities and equipment		239	214	235	198	198	198	198	1,198	1,258	1,323
Interest earned - external investments		761	1,678	2,014	3,000	1,428	1,428	1,428	2,400	2,600	2,800
Interest earned - outstanding debtors		6,730	6,153	8,272	7,907	7,907	7,907	7,907	8,686	9,163	9,713
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		1,282	1,645	1,897	2,710	2,710	2,710	2,710	3,710	3,933	4,208
Licences and permits		2,504	2,348	2,506	2,505	2,405	2,405	2,405	1,632	2,777	2,943
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		91,532	126,119	131,986	140,480	140,480	140,480	140,480	153,998	167,669	184,622
Other revenue	2	958	753	404	224	281	281	281	421	451	489
Gains on disposal of PPE									–	–	–
Total Revenue (excluding capital transfers and contributions)		**130,241**	**172,735**	**184,464**	**202,899**	**201,284**	**201,284**	**201,284**	**219,659**	**238,084**	**259,345**
Expenditure By Type											
Employee related costs	2	41,571	40,510	55,096	67,875	68,550	68,550	68,550	84,747	90,255	96,573
Remuneration of councillors		7,209	11,801	12,442	12,923	14,350	14,350	14,350	15,211	16,123	17,091
Debt impairment	3	8,077	17,518	18,622	11,224	11,224	11,224	11,224	12,000	13,000	10,000
Depreciation & asset impairment	2	16,812	21,480	27,240	21,600	27,400	27,400	27,400	25,000	26,500	28,355
Finance charges		1,151	6,655	2,111	1,421	1,421	1,421	1,421	1,500	1,590	1,701
Bulk purchases	2	–	–	–	–	–	–	–	–	–	–
Other materials	8	6,526	18,834	4,525	14,510	10,600	10,600	10,600	4,235	15,300	16,552
Contracted services		10,339	16,747	23,049	20,610	24,168	24,168	24,168	41,645	20,837	22,248
Transfers and subsidies		–	80	–	850	850	850	850	961	1,163	1,241
Other expenditure	4, 5	20,939	35,682	59,737	41,391	41,369	41,369	41,369	28,238	40,401	43,092
Loss on disposal of PPE				304					–	–	–
Total Expenditure		**112,625**	**169,308**	**203,125**	**192,405**	**199,933**	**199,933**	**199,933**	**213,536**	**225,170**	**236,854**
Surplus/(Deficit)		**17,616**	**3,427**	**(18,661)**	**10,495**	**1,352**	**1,352**	**1,352**	**6,122**	**12,913**	**22,490**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		35,173	29,525	27,791	47,832	57,915	57,915	57,915	29,608	30,163	31,696
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**52,789**	**32,952**	**9,129**	**58,327**	**59,267**	**59,267**	**59,267**	**35,730**	**43,076**	**54,186**
Taxation											
Surplus/(Deficit) after taxation		**52,789**	**32,952**	**9,129**	**58,327**	**59,267**	**59,267**	**59,267**	**35,730**	**43,076**	**54,186**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**52,789**	**32,952**	**9,129**	**58,327**	**59,267**	**59,267**	**59,267**	**35,730**	**43,076**	**54,186**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**52,789**	**32,952**	**9,129**	**58,327**	**59,267**	**59,267**	**59,267**	**35,730**	**43,076**	**54,186**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue budget for 2018/19 to 2020/21 has increased from R219.6 million to R259.34 million which represent a 15 percent increase over the MTREF.
2. Revenue generated from property rates amounted to R40 million in the 2018/19 financial year which represents 18 percent of the total operating revenue basket therefore remains a significant funding source for the municipality and increases to R42 million and R44 Million for outer years respectively.
3. Operating grants and transfers including Local Government Equitable Share totals R153.9 million in the 2018/19 financial year and steadily increases to R167.6 million and R 184.6 million for outer years respectively.

1.4.5 KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

KZN275 Mtubatuba - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive and council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Libraries and archieves		–	–	–	–	–	–	–	–	–	–
Vote 6 - Planning and Economic Development		–	–	–	–	–	–	–	–	–	–
Vote 7 - Roads		–	–	–	–	–	–	–	–	–	–
Vote 8 - Licences and permits		–	–	–	–	–	–	–	–	–	–
Vote 9 - Solid Waste		–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive and council		–	–	1,523	300	–	–	–	950	473	496
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–	650	300	200
Vote 3 - Corporate Services		857	1,984	1,150	400	2,000	2,000	2,000	500	600	700
Vote 4 - Community Services		1,439	4,681	1,700	700	400	400	400	400	500	500
Vote 5 - Libraries and archieves		–	–	–	–	–	–	–	–	350	350
Vote 6 - Planning and Economic Development		–	–	–	210	110	110	110	–	–	–
Vote 7 - Roads		29,620	36,382	47,713	53,360	55,995	55,995	55,995	30,843	37,500	31,500
Vote 8 - Licences and permits		–	363	100	100	40	40	40	800	1,500	1,500
Vote 9 - Solid Waste		–	5,547	850	800	–	–	–	800	1,500	1,500
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		**31,915**	**48,956**	**53,036**	**55,870**	**58,545**	**58,545**	**58,545**	**34,943**	**42,723**	**36,746**
Total Capital Expenditure - Vote		**31,915**	**48,956**	**53,036**	**55,870**	**58,545**	**58,545**	**58,545**	**34,943**	**42,723**	**36,746**
Capital Expenditure - Functional											
Governance and administration		**857**	**1,984**	**2,673**	**700**	**2,000**	**2,000**	**2,000**	**2,100**	**1,373**	**1,396**
Executive and council		–	–	1,523	300	–	–	–	950	473	496
Finance and administration		857	1,984	1,150	400	2,000	2,000	2,000	1,150	900	900
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		**1,439**	**5,044**	**1,800**	**800**	**440**	**440**	**440**	**1,200**	**2,350**	**2,350**
Community and social services		1,439	4,681	1,700	700	400	400	400	400	850	850
Sport and recreation											
Public safety		–	363	100	100	40	40	40	800	1,500	1,500
Housing											
Health											
Economic and environmental services		**29,620**	**36,382**	**47,713**	**53,570**	**56,105**	**56,105**	**56,105**	**30,843**	**37,500**	**31,500**
Planning and development		–	–	–	210	110	110	110	–	–	–
Road transport		29,620	36,382	47,713	53,360	55,995	55,995	55,995	30,843	37,500	31,500
Environmental protection											
Trading services		**–**	**5,547**	**850**	**800**	**–**	**–**	**–**	**800**	**1,500**	**1,500**
Energy sources											
Water management											
Waste water management											
Waste management		–	5,547	850	800	–	–	–	800	1,500	1,500
Other											
Total Capital Expenditure - Functional	3	**31,915**	**48,956**	**53,036**	**55,870**	**58,545**	**58,545**	**58,545**	**34,943**	**42,723**	**36,746**
Funded by:											
National Government		29,525	31,348	41,791	44,640	45,240	45,240	45,240	29,608	30,163	31,696
Provincial Government				3,678	3,192	12,675	12,675	12,675	–	–	–
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	**29,525**	**31,348**	**45,469**	**47,832**	**57,915**	**57,915**	**57,915**	**29,608**	**30,163**	**31,696**
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		2,390	17,608	7,567	8,038	630	630	630	5,335	12,560	5,050
Total Capital Funding	7	**31,915**	**48,956**	**53,036**	**55,870**	**58,545**	**58,545**	**58,545**	**34,943**	**42,723**	**36,746**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R34.9 million for the 2018/19 financial year and increase to R42.7 million and decrease to R36.7 million for the outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality.
5. The capital programme is funded from Capital Grants and Transfers, and Internally generated funds from current year surpluses and cash backed reserves. For 2018/19, Capital Transfers amounts to R29.6 million and increase to R30.1 million by 2019/120 and R31.6 million for 2020/21 in the MTREF. Internal generated funds to cover a shortfall in capital budget will be R5.3 million. The internal generated funds will arise from surpluses in the statement of financial performance and cash backed reserves.

1.4.6. KZN275 Mtubatuba - Table A6 Budgeted Financial Position

KZN275 Mtubatuba - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash		13,485	14,471	4,205	3,682	5,740	5,740	3,294	15,822	22,320	60,263
Call investment deposits	1	360	1,690	3,370	25,000	10,000	10,000	5,000	15,000	30,000	30,000
Consumer debtors	1	19,707	23,316	28,206	34,516	34,516	34,516	34,516	34,737	44,099	60,933
Other debtors		–	1,088	1,719	1,142	1,142	1,142	1,142	1,142	1,142	1,142
Current portion of long-term receivables		1,660	9,333	3,477	2,333	2,333	2,333	2,333	5,577	5,577	5,577
Inventory	2	–	–	–	–	–	–	–	–	–	–
Total current assets		**35,212**	**49,897**	**40,977**	**66,674**	**53,731**	**53,731**	**46,286**	**72,278**	**103,138**	**157,915**
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		45,832	41,936	41,634	41,936	41,936	41,936	41,936	41,936	41,936	41,936
Investment in Associate				–	–						
Property, plant and equipment	3	285,357	321,272	348,067	350,272	390,837	390,837	390,837	437,557	462,279	479,670
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		322	178	621	109	109	109	109	409	409	409
Other non-current assets		1,021	1,025	1,025	165	165	165	165	165	165	165
Total non current assets		**332,532**	**364,411**	**391,347**	**392,481**	**433,046**	**433,046**	**433,046**	**480,066**	**504,788**	**522,180**
TOTAL ASSETS		**367,743**	**414,308**	**432,324**	**459,155**	**486,778**	**486,778**	**479,332**	**552,344**	**607,926**	**680,095**
LIABILITIES											
Current liabilities											
Bank overdraft	1	1,970	–	–	–	–	–	–	–	–	–
Borrowing	4	1,322	49	–	49	49	49	49	–	–	–
Consumer deposits		1,611	2,407	1,213	–	–	–	–	–	–	–
Trade and other payables	4	18,072	22,705	4,389	4,968	4,948	4,948	4,948	5,448	5,448	5,448
Provisions		–	–	27,679	2,528	2,528	2,528	2,528	1,213	1,000	1,000
Total current liabilities		**22,974**	**25,162**	**33,281**	**7,545**	**7,525**	**7,525**	**7,525**	**6,662**	**6,448**	**6,448**
Non current liabilities											
Borrowing		951	–	–	–	–	–	–	–	–	–
Provisions		7,290	25,432	25,845	25,914	25,914	25,914	25,914	32,639	33,181	33,803
Total non current liabilities		**8,241**	**25,432**	**25,845**	**25,914**	**25,914**	**25,914**	**25,914**	**32,639**	**33,181**	**33,803**
TOTAL LIABILITIES		**31,215**	**50,594**	**59,126**	**33,459**	**33,439**	**33,439**	**33,439**	**39,300**	**39,629**	**40,251**
NET ASSETS	5	**336,529**	**363,714**	**373,199**	**425,696**	**453,338**	**453,338**	**445,893**	**513,044**	**568,297**	**639,844**
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		336,529	363,714	373,199	425,696	453,338	453,338	445,893	513,044	568,297	639,844
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	**336,529**	**363,714**	**373,199**	**425,696**	**453,338**	**453,338**	**445,893**	**513,044**	**568,297**	**639,844**

Explanatory notes to Table A6 - Budgeted Financial Position

1. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
2. Supporting table SA3 providing a detailed analysis of the major components of a number of items, including: call on investment deposits, Consumer debtors, Property, Plant and Equipment, Trade and Other Payables, Provision for Non-Current and Current Liabilities, Change in net assets and Reserves.
3. The Municipal equivalent of Equity is Community Wealth. The justification is that ownership and the Net Assets of the Municipality belong to the community.
4. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is

informed directly by forecasting the statement of financial position. The municipality has no intention to borrow in the 2018/19 financial year.

1.4.7 KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		16,468	17,133	19,458	25,908	25,169	25,169	25,169	26,052	27,355	28,996
Service charges		2,603	2,828	2,977	5,288	3,829	3,829	3,829	4,897	5,142	5,450
Other revenue		3,136	2,862	3,347	3,900	3,601	3,601	3,601	4,040	4,242	4,497
Government - operating	1	91,532	126,119	131,986	140,480	140,480	140,480	140,480	153,998	167,669	184,622
Government - capital	1	29,525	31,348	27,791	47,832	29,608	57,915	57,915	42,208	38,663	40,696
Interest		761	1,678	2,014	3,000	2,770	2,770	2,770	3,269	3,432	3,638
Dividends		–	–	–	–				–	–	–
Payments											
Suppliers and employees		(96,617)	(126,101)	(141,951)	(152,134)	(166,865)	(166,865)	(166,865)	(164,557)	(172,785)	(183,152)
Finance charges		(1,151)	(1,147)	(223)	(142)	–	–	–	–	–	–
Transfers and Grants	1	–	(91)	(96)	(850)	(850)	(850)	(850)	(950)	(998)	(1,057)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**46,258**	**54,630**	**45,303**	**73,281**	**37,742**	**66,049**	**66,049**	**68,957**	**72,720**	**83,689**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				(185)	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors					–	–	–	–	–	–	–
Decrease (increase) other non-current receivables					–	–	–	–	–	–	–
Decrease (increase) in non-current investments					–	–	–	–	–	–	–
Payments											
Capital assets		(31,954)	(48,956)	(54,033)	(52,995)	(34,943)	(57,915)	(57,915)	(46,429)	(51,223)	(45,746)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(31,954)**	**(48,956)**	**(54,217)**	**(52,995)**	**(34,943)**	**(57,915)**	**(57,915)**	**(46,429)**	**(51,223)**	**(45,746)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				(49)					–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits		–	(1,135)	378					–	–	–
Payments											
Repayment of borrowing		(1,354)	(2,223)	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(1,354)**	**(3,357)**	**329**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**12,950**	**2,316**	**(8,586)**	**20,286**	**2,799**	**8,134**	**8,134**	**22,528**	**21,497**	**37,943**
Cash/cash equivalents at the year begin:	2	**895**	**13,845**	**16,161**	**8,396**	**7,575**	**7,575**	**7,575**	**8,294**	**30,822**	**52,320**
Cash/cash equivalents at the year end:	2	**13,845**	**16,161**	**7,575**	**28,682**	**10,374**	**15,710**	**15,710**	**30,822**	**52,320**	**90,263**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. As per this table above, it is indicated that the municipality planning to close the financial year with a positive bank balance of R8.2 million.
4. The final 2018/19 MTREF provide for net increase in cash of R30.8 million. For the outer years is R52.3 Million and R90.2 million respectively.
5. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

1.4.8 KZN275 Mtubatuba - Table A8 Cash backed reserves/accumulated surplus reconciliation

KZN275 Mtubatuba - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	13,845	16,161	7,575	28,682	10,374	15,710	15,710	30,822	52,320	90,263
Other current investments > 90 days		(1,970)	–	(0)	(0)	5,365	30	(7,415)	–	–	–
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**11,875**	**16,161**	**7,575**	**28,682**	**15,740**	**15,740**	**8,294**	**30,822**	**52,320**	**90,263**
Application of cash and investments											
Unspent conditional transfers		3,269	2,512	2,448	2,468	2,448	2,448	2,448	2,448	2,448	2,448
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	3,270	7,799	(13,349)	(18,561)	(17,077)	(17,077)	(17,077)	(16,845)	(21,509)	(30,611)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		**6,539**	**10,311**	**(10,900)**	**(16,093)**	**(14,629)**	**(14,629)**	**(14,629)**	**(14,397)**	**(19,061)**	**(28,163)**
Surplus(shortfall)		**5,336**	**5,850**	**18,476**	**44,775**	**30,369**	**30,369**	**22,923**	**45,219**	**71,381**	**118,425**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2018/19 the municipality has R45.2 million as surplus and escalate to R71.3 million to R118.4 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 final MTREF is properly funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

1.4.9 KZN275 Mtubatuba - Table A9 Asset Management

KZN275 Mtubatuba - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	**31,915**	**16,227**	**38,986**	**37,815**	**34,315**	**34,315**	**8,739**	**9,223**	**9,246**
Roads Infrastructure		28,069	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	16,000	14,000	14,600	14,600	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		139	1,500	350	800	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***28,208***	***1,500***	***16,350***	***14,800***	***14,600***	***14,600***	–	–	–
Community Facilities		220	–	15,785	16,265	16,265	16,265	400	500	500
Sport and Recreation Facilities		–	4,000	3,678	990	500	500	5,039	5,000	5,000
Community Assets		***220***	***4,000***	***19,463***	***17,255***	***16,765***	***16,765***	***5,439***	***5,500***	***5,500***
Heritage Assets		**150**	**1,117**	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	750	750	300	–	–
Intangible Assets		–	–	–	–	***750***	***750***	***300***	–	–
Computer Equipment		–	–	–	**160**	**600**	**600**	**700**	**858**	**765**
Furniture and Office Equipment		**637**	**1,644**	**1,150**	**700**	**800**	**800**	**700**	**858**	**915**
Machinery and Equipment		**535**	**3,739**	**500**	**3,900**	**400**	**400**	**700**	**758**	**815**
Transport Assets		**2,166**	**4,226**	**1,523**	**1,000**	**400**	**400**	**900**	**1,250**	**1,250**
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	**32,729**	**14,050**	**18,054**	**24,229**	**24,229**	**26,204**	**33,500**	**27,500**
Roads Infrastructure		–	28,882	13,500	1,155	1,155	1,155	10,783	15,000	15,000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	2,000	–	912	912	912	500	2,000	2,000
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	1,747	–	–	–	–	800	1,500	1,500
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	***32,629***	***13,500***	***2,067***	***2,067***	***2,067***	***12,083***	***18,500***	***18,500***
Community Facilities		–	–	450	12,487	9,487	9,487	13,386	11,000	5,000
Sport and Recreation Facilities		–	–	–	3,500	12,675	12,675	–	3,000	3,000
Community Assets		–	–	***450***	***15,987***	***22,162***	***22,162***	***13,386***	***14,000***	***8,000***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	101	100	–	–	–	735	1,000	1,000
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	***101***	***100***	–	–	–	***735***	***1,000***	***1,000***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		28,069	28,882	13,500	1,155	1,155	1,155	10,783	15,000	15,000
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	2,000	16,000	14,912	15,512	15,512	500	2,000	2,000
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		139	3,247	350	800	–	–	800	1,500	1,500
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***28,208***	***34,129***	***29,850***	***16,867***	***16,667***	***16,667***	***12,083***	***18,500***	***18,500***
Community Facilities		220	–	16,235	28,753	25,753	25,753	13,786	11,500	5,500
Sport and Recreation Facilities		–	4,000	3,678	4,490	13,175	13,175	5,039	8,000	8,000
Community Assets		***220***	***4,000***	***19,913***	***33,243***	***38,928***	***38,928***	***18,824***	***19,500***	***13,500***
Heritage Assets		**150**	**1,117**	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	101	100	–	–	–	735	1,000	1,000
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	***101***	***100***	–	–	–	***735***	***1,000***	***1,000***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	750	750	300	–	–
Intangible Assets		–	–	–	–	***750***	***750***	***300***	–	–
Computer Equipment		–	–	–	**160**	**600**	**600**	**700**	**858**	**765**
Furniture and Office Equipment		**637**	**1,644**	**1,150**	**700**	**800**	**800**	**700**	**858**	**915**
Machinery and Equipment		**535**	**3,739**	**500**	**3,900**	**400**	**400**	**700**	**758**	**815**
Transport Assets		**2,166**	**4,226**	**1,523**	**1,000**	**400**	**400**	**900**	**1,250**	**1,250**
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		**31,915**	**48,956**	**53,036**	**55,870**	**58,545**	**58,545**	**34,943**	**42,723**	**36,746**

ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		191,242	194,353	392,317	265,810	265,810	265,810	251,567	276,290	293,681
Storm water Infrastructure		–	–		–	–	–	–	–	–
Electrical Infrastructure		30,991	64,692		24,998	38,998	38,998	48,998	48,998	48,998
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***222,233***	***259,045***	***392,317***	***290,809***	***304,809***	***304,809***	***300,566***	***325,288***	***342,679***
Community Facilities		52,008	50,025		48,425	64,690	64,690	64,690	64,690	64,690
Sport and Recreation Facilities					–	10,300	10,300	10,300	10,300	10,300
Community Assets		***52,008***	***50,025***	**–**	***48,425***	***74,990***	***74,990***	***74,990***	***74,990***	***74,990***
Heritage Assets		**–**	**–**					**–**	**–**	**–**
Revenue Generating		–	–					–	–	–
Non-revenue Generating		1,021	1,021					2,263	2,263	2,263
Investment properties		***1,021***	***1,021***	**–**	**–**	**–**	**–**	***2,263***	***2,263***	***2,263***
Operational Buildings		–	–							
Housing		45,832	41,936		41,936	41,936	41,936	41,936	41,936	41,936
Other Assets		***45,832***	***41,936***	**–**	***41,936***	***41,936***	***41,936***	***41,936***	***41,936***	***41,936***
Biological or Cultivated Assets		**10,094**	**11,181**							
Servitudes										
Licences and Rights		322	178							
Intangible Assets		***322***	***178***	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment					2,331	2,331	2,331	2,331	2,331	2,331
Furniture and Office Equipment					1,041	1,041	1,041	10,041	10,041	10,041
Machinery and Equipment					792	792	792	792	792	792
Transport Assets					7,148	7,148	7,148	47,148	47,148	47,148
Libraries					–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals					–	–	–	–	–	–
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**331,511**	**363,386**	**392,317**	**392,481**	**433,046**	**433,046**	**480,066**	**504,788**	**522,180**
EXPENDITURE OTHER ITEMS										
Depreciation	7	16,812	21,480	27,240	21,600	27,400	27,400	25,000	26,500	28,355
Repairs and Maintenance by Asset Class	3	**6,526**	**18,834**	**4,525**	**14,510**	**10,600**	**10,600**	**4,235**	**15,300**	**16,552**
Roads Infrastructure		2,596	10,261	2,612	7,500	6,130	6,130	5,000	7,000	7,000
Storm water Infrastructure		–	–	–	1,500	–	–	1,500	2,000	2,000
Electrical Infrastructure		400	500	444	1,500	1,500	1,500	1,000	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	1,500	750	750	–	–	–
Solid Waste Infrastructure		1,600	2,500	–	–	–	–	1,300	1,600	1,600
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***4,596***	***13,261***	***3,056***	***12,000***	***8,380***	***8,380***	***8,800***	***10,600***	***10,600***
Community Facilities		100	900	100	850	860	860	900	2,200	3,300
Sport and Recreation Facilities		380	1,681	–	–	–	–	–	–	–
Community Assets		***480***	***2,581***	***100***	***850***	***860***	***860***	***900***	***2,200***	***3,300***
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		1,450	2,100	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		***1,450***	***2,100***	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	1,000	700	700	950	1,600	1,700
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	***1,000***	***700***	***700***	***950***	***1,600***	***1,700***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	119	–	–	–	–	(7,365)	–	–
Intangible Assets		**–**	***119***	**–**	**–**	**–**	**–**	***(7,365)***	**–**	**–**
Computer Equipment		**–**	**151**	**–**	**10**	**10**	**10**	**50**	**60**	**70**
Furniture and Office Equipment		**–**	**–**	**–**	**200**	**200**	**200**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**162**	**–**	**–**	**–**	**100**	**–**	**–**
Transport Assets		**–**	**623**	**1,206**	**450**	**450**	**450**	**800**	**840**	**882**
Libraries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL EXPENDITURE OTHER ITEMS		**23,339**	**40,314**	**31,764**	**36,110**	**38,000**	**38,000**	**29,235**	**41,800**	**44,907**

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets, the renewal of assets and upgrading of the existing assets, as well as spending on repairs and maintenance by asset class.
2. It also presents the assets register summary.
3. The Assets register must reconcile to Budgeted Financial Position written down value.
4. The budgeted asset was prepared on the basis that assets will increase over the medium term due to capital expenditure that will be capitalized less accumulated depreciation for assets.

1.4.10 KZN275 Mtubatuba - Table A10 Basic service delivery measurement

KZN275 Mtubatuba - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		2,700	2,835	4,195	4,195	4,195	4,195	4,413	4,634	4,866
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	80	-	150	150	150	161	169	179
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	700	700	700	800	994	1,062
Total revenue cost of subsidised services provided		2,700	2,914	4,195	5,045	5,045	5,045	5,374	5,798	6,107

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. It is estimated that there are 6304 households in Mtubatuba Municipal Jurisdiction.
3. The first R60 000 is rateable only to residential properties for all households.
4. It is anticipated that Free Basic Services will cost the municipality R161 thousand in 2018/19, increase to R169 thousand in 2019/20 and 179 thousand in 20120/21. This is covered by the municipality's equitable share allocation from national government.
5. The municipality also issue transfer's and subsidies in the form of bursaries, study assistance and learnership to the deserving students, staff and graduate who seek inter services trainees that reside within mtubatuba jurisdiction.
6. Free basis service relates to subsidy to electricity charge for households.
7. The Municipality encourage unemployed resident to register as indigent in order to benefit from other services.
8. Information for other services that the Municipality is not providing was taken from the district.

PART2- SUPPORTING DOCUMENTATION

2.1. Overview of Annual Budget Process

a) The Accounting Officer with the assistance of the Chief Financial Officer and the manager responsible for IDP shall final the IDP process plan as well as the budget timetable for the municipality for the ensuing financial year.
b) The Mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
c) The IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium-term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
d) The Mayor shall convene a strategic workshop in September/October with the other councillors and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
e) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
f) The Mayor shall table the final IDP and final MTREF budget to council at least 90 days before the start of the new budget year, together with the final resolutions on approval of the budget and municipal tariffs and taxes, budget related policies (policies on tariff setting, property rates, credit control, debt collection, indigents, investment and cash management, borrowings, etc.) and any document as may be prescribed.
g) The budget must be in the prescribed format and must be divided into capital and operating budgets. The prescribed format of the budget must capture the projected revenue and expenditure for the two financial years following the budget year, the estimated revenue and expenditure for the current year and the actual (audited) revenue and expenditure for the preceding financial years as per prescription by National Treasury.
h) The budget must reflect the realistically expected revenues by major source and appropriate expenditure under the different votes for the budget year concerned.

2.2. Overview of budget assumption.

The budget is prepared on the going concern basis which assume that this municipality will continue to provide services for the foreseeable future. Historical information and past result play an important role in finalizing the budget.

2.3 Overview of Budget Funding

1.2.1. In accordance with the provisions of Section 18(1) of the MFMA, an annual budget may be funded only from:

- Realistically anticipated revenues to be collected;
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes;
- Borrowed funds, but only for capital projects.

1.2.2 Realistically anticipated revenues to be received from national or provincial government, national or public entities, other municipalities, municipal entities, donors or any other source may be included in an annual budget only if there is acceptable documentation that guarantees the funds, as provided by Regulation 10 (2) of the Municipal Budget and Reporting Regulations

2.4. Expenditure on allocation and grant programmes

KZN275 Mtubatuba - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		**85,597**	**121,731**	**126,073**	**137,202**	**137,202**	**137,202**	**149,098**	**164,048**	**179,813**
Local Government Equitable Share		81,379	116,487	119,414	132,131	132,131	132,131	143,500	160,490	176,175
Finance Management		1,800	1,800	1,825	1,900	1,900	1,900	1,970	1,970	1,970
EPWP Incentive		1,000	1,000	1,408	1,558	1,558	1,558	2,070	–	–
Energy Efficiency and Demand Management		–	86	914	–	–	–	–	–	–
Municipal Infrastructure Grant		484	1,428	2,512	1,613	1,613	1,613	1,558	1,588	1,668
Municipal Systems Improvement		934	930	–		–	–	–	–	–
Other transfers and grants [insert description]						–	–	–	–	–
Provincial Government:		**4,102**	**2,757**	**2,805**	**3,278**	**3,278**	**3,278**	**4,900**	**3,614**	**3,795**
Community Library Service		251	362	400	376	376	376	395	415	435
Provincialisation Of Libraries		3,702	2,378	2,405	2,902	2,902	2,902	3,047	3,199	3,359
Department of Sport Caretakers		149	18	–	–	–	–	58	–	–
Scheme support programe		–	–	–	–	–	–	650	–	–
Wall to Wall town planning scheme								750		
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total operating expenditure of Transfers and Grants		**89,699**	**124,488**	**128,878**	**140,480**	**140,480**	**140,480**	**153,998**	**167,661**	**183,608**
Capital expenditure of Transfers and Grants										
National Government:		**29,525**	**31,348**	**41,791**	**44,640**	**45,240**	**45,240**	**42,208**	**38,663**	**40,696**
Municipal Infrastructure Grant (MIG)		29,040	29,348	27,791	30,640	30,640	30,640	29,608	30,163	31,696
National Electrification Programme		485	2,000	14,000	14,000	14,600	14,600	12,600	8,500	9,000
					–	–	–			
						–	–			
						–	–			
Other capital transfers [insert description]						–	–			
Provincial Government:		**–**	**–**	**4,000**	**3,192**	**12,675**	**12,675**	**–**	**–**	**–**
DSR - Sports Facilities (Infrastructure)		–	–	4,000	3,192	12,675	12,675	–	–	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Total capital expenditure of Transfers and Grants		**29,525**	**31,348**	**45,791**	**47,832**	**57,915**	**57,915**	**42,208**	**38,663**	**40,696**
TOTAL EXPENDITURE OF TRANSFERS AND GRANT		**119,224**	**155,837**	**174,669**	**188,312**	**198,395**	**198,395**	**196,206**	**206,324**	**224,304**

The above table depict budget expenditure on grant programme and is in line with transfer's schedules.

2.5. Allocations and grants made by the Municipality

The municipality made grant of free basic electricity to group of individuals registered as indigent. That indigent register with beneficiaries is submitted by ESKOM to the municipality. The Municipality also provides grants in the way of bursaries for deserving student and study allowance for permanent staff and learnerships to Mtubatuba' graduates.

2.6. Councillors and board members allowances and employee's benefits

KZN275 Mtubatuba - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4,322	8,446	8,859	8,900	10,327	10,327	11,188	11,859	12,571
Pension and UIF Contributions		–	–	–	–	–	–	–	–	–
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		2,359	2,379	2,629	2,967	2,967	2,967	2,967	3,145	3,333
Cellphone Allowance		528	976	954	1,056	1,056	1,056	1,056	1,119	1,187
Housing Allowances		–	–		–	–	–	–	–	–
Other benefits and allowances		–	–		–	–	–	–	–	–
Sub Total - Councillors		**7,209**	**11,801**	**12,442**	**12,923**	**14,350**	**14,350**	**15,211**	**16,123**	**17,091**
% increase	4		**63.7%**	**5.4%**	**3.9%**	**11.0%**	**–**	**6.0%**	**6.0%**	**6.0%**
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4,950	3,478	3,163	7,964	7,964	7,964	4,714	5,020	5,372
Pension and UIF Contributions		–	–	91	179	179	179	–	–	–
Medical Aid Contributions		–	–	–	147	147	147	606	646	691
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		542	329	–	218	218	218	–	–	–
Motor Vehicle Allowance	3	–	411	386	613	613	613	1,330	1,416	1,515
Cellphone Allowance	3	132	102	51	–	–	–	–	–	–
Housing Allowances	3	–	218	188	163	163	163	797	849	909
Other benefits and allowances	3	68	–	–	–	–	–	142	152	162
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**5,692**	**4,538**	**3,880**	**9,283**	**9,283**	**9,283**	**7,590**	**8,083**	**8,649**
% increase	4		**(20.3%)**	**(14.5%)**	**139.3%**	**–**	**–**	**(18.2%)**	**6.5%**	**7.0%**
Other Municipal Staff										
Basic Salaries and Wages		21,735	20,995	27,669	41,198	36,994	36,994	51,512	54,860	58,700
Pension and UIF Contributions		4,597	4,704	5,767	6,598	6,767	6,767	8,895	9,473	10,136
Medical Aid Contributions		2,613	2,181	2,861	3,487	3,372	3,372	5,125	5,458	5,840
Overtime		249	645	850	1,001	2,014	2,014	1,464	1,559	1,668
Performance Bonus		3,098	2,307	2,383	–	–	–	–	–	–
Motor Vehicle Allowance	3	3,587	2,907	2,696	3,324	7,591	7,591	7,706	8,207	8,781
Cellphone Allowance	3	–	120	4	30	112	112	205	219	234
Housing Allowances	3	–	617	790	612	523	523	718	765	818
Other benefits and allowances	3	–	1,496	8,197	2,343	1,894	1,894	1,533	1,632	1,747
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6				–	–	–	–	–	–
Sub Total - Other Municipal Staff		**35,879**	**35,972**	**51,217**	**58,592**	**59,267**	**59,267**	**77,157**	**82,172**	**87,925**
% increase	4		**0.3%**	**42.4%**	**14.4%**	**1.2%**	**–**	**30.2%**	**6.5%**	**7.0%**
Total Parent Municipality		**48,780**	**52,312**	**67,539**	**80,798**	**82,900**	**82,900**	**99,958**	**106,379**	**113,664**
			7.2%	**29.1%**	**19.6%**	**2.6%**	**–**	**20.6%**	**6.4%**	**6.8%**

The above table depict expenditure on allowances for councillors and employee related cost. This was explained under executive summary.

2.7 Monthly targets for revenue, expenditure and cash Flow

Revenue and expenditure was explained on page 6 through 15. The following table will explain cashflow.

2.7.1. Budgeted Cash flow

KZN275 Mtubatuba - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		16,468	17,133	19,458	25,908	25,169	25,169	25,169	26,052	27,355	28,996
Service charges		2,603	2,828	2,977	5,288	3,829	3,829	3,829	4,897	5,142	5,450
Other revenue		3,136	2,862	3,347	3,900	3,601	3,601	3,601	4,040	4,242	4,497
Government - operating	1	91,532	126,119	131,986	140,480	140,480	140,480	140,480	153,998	167,669	184,622
Government - capital	1	29,525	31,348	27,791	47,832	29,608	57,915	57,915	42,208	38,663	40,696
Interest		761	1,678	2,014	3,000	2,770	2,770	2,770	3,269	3,432	3,638
Dividends		–	–	–	–				–	–	–
Payments											
Suppliers and employees		(96,617)	(126,101)	(141,951)	(152,134)	(166,865)	(166,865)	(166,865)	(164,557)	(172,785)	(183,152)
Finance charges		(1,151)	(1,147)	(223)	(142)	–	–	–	–	–	–
Transfers and Grants	1	–	(91)	(96)	(850)	(850)	(850)	(850)	(950)	(998)	(1,057)
NET CASH FROM/(USED) OPERATING ACTIVITIES		46,258	54,630	45,303	73,281	37,742	66,049	66,049	68,957	72,720	83,689
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				(185)	–	–	–	–	–	–	–
Decrease (Increase) in non-current debtors					–	–	–	–	–	–	–
Decrease (increase) other non-current receivables					–	–	–	–	–	–	–
Decrease (increase) in non-current investments					–	–	–	–	–	–	–
Payments											
Capital assets		(31,954)	(48,956)	(54,033)	(52,995)	(34,943)	(57,915)	(57,915)	(46,429)	(51,223)	(45,746)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(31,954)	(48,956)	(54,217)	(52,995)	(34,943)	(57,915)	(57,915)	(46,429)	(51,223)	(45,746)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				(49)					–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits		–	(1,135)	378					–	–	–
Payments											
Repayment of borrowing		(1,354)	(2,223)	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,354)	(3,357)	329	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		12,950	2,316	(8,586)	20,286	2,799	8,134	8,134	22,528	21,497	37,943
Cash/cash equivalents at the year begin:	2	895	13,845	16,161	8,396	7,575	7,575	7,575	8,294	30,822	52,320
Cash/cash equivalents at the year end:	2	13,845	16,161	7,575	28,682	10,374	15,710	15,710	30,822	52,320	90,263

Cash flow income was budgeted using prior trends and realistic anticipated revenue to be collected using different rates. Grants income was budgeted for at a total amount. Cash flow for expenditure was budgeted at full amount except for Employee related cost which is budgeted at 95 percent because of budgeted vacant posts which may be filled later in the financial year. Also, Other Materials, Contacted Services and Other Expenditure are budgeted at 95 percent because of new appointment that will be made for each of this line items. Capital expenditure is budgeted fully. The net results of all total income less operational expenditure and capital expenditure amounts to a surplus of R30,8 million at year end and would escalate to R52,3 and R90,3 million respectively for each of the outer years.

2.8. Final budget plan and SDBIP plans internal-department

The 2017/18 annual budget and service delivery budget implementation plan were generated and would be attached as annexures.

2.9. Final Budget and Services delivery agreements-Municipal entities and other external mechanisms

The municipality does not have the entities and no agreements were generated as a result.

2.10. Contract having future budgetary implication

Contract having future budgetary implications will be attached as annexures because of it large size.

2.11. Capital expenditure details

Capital expenditure details was explained on page 16 through 17.

2.12. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme
   The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 45 interns through this programme and a majority of them were appointed either in Mtubatuba Municipality or other municipalities.

3. Budget and Treasury Office
   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
   An Audit Committee has been established.

5. Service Delivery and Implementation Plan
   The detail SDBIP document is at a final stage and will be finalized after approval of the 2018/19 MTREF on 30th May 2018 directly aligned and informed by the 2017/18 MTREF.

6. Annual Report
   Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. An amendment of the Municipal Property Rates Regulations as published in was announced in Government Gazette 37922 on 18 August 2014.

The SCM policy was also amended to incorporate all supply chain management reforms as advised by National Treasury E.g. Central Data Base. The ratios as prescribed in the Regulations have been complied with.

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.
The following final budget-related policies have been approved by Council or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- Budget Policy
- Supply Chain Management Policy
- Property Rates Policy
- Tariff Policy
- Credit Control & Debt Collection Policy
- Leave Policy
- Human Resources Training & Development Policy.
- Virement Policy
- Banking, Cash Management and Investment Policy
- Overtime Policy
- Asset Management Policy
- Credit Impairment
- Asset Disposal policy
- Indigent Policy
- Subsistence & Travel Policy
- Cellphone Policy
- Acting Allowance

2.13. Other Supporting documents

Other supporting documents will be attached as annexures.

2.14. Final budget of Municipal entities attached to the municipal annual budget

The Municipality has no entity hence no supporting attachment will be made for entity.

2.15. General Item

- National Treasury has promulgated the Municipal Standard Chart of Account (SCOA) which will take effect from 1 July 2017. Mtubatuba Local Municipality has so far complied with mSCOA regulation and is transacting on mSCOA version 6.1 in the 2017/18 financial year. The Municipality has also prepared the 2018/19 MTREF using version 6.2.

Municipal manager's quality certificate

MTUBATUBA
UMASIPALA . MUNICIPALITY . MUNISIPALITEIT
Physical Address: Lot 105 INkosi Mtubatuba Road, Mtubatuba, 3935
52 Mtubatuba 3935 (035) 550 0069 Fax (035) 550 0060

I ……, municipal manager of Mtubatuba Local Council, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____
Municipal manager of Mtubatuba Local Municipality (KZN275)

Signature _____

Date _____